

Craig R. Fry

Indiana State Representative, District 5

Fry votes NO on tax increases!

Where did the surplus go?

After the longest economic expansion in the history of our great country, a national recession that began in January of 2001 has brought Indiana to its financial knees. During the years when Indiana had the second largest surplus in America, we legislators substantially cut your taxes. In a bipartisan way, we returned over 3 billion dollars in tax cuts between 1995 and 1999.

Those of us who consider ourselves fiscal conservatives gladly returned those tax dollars to you. Now after two years of a slow national economy and increased federal mandates on state governments, Indiana must reduce spending or raise taxes. Forty-two states are now faced with budget shortfalls and Indiana is among them. Last July Governor O'Bannon ordered \$113 million in one time cuts in an effort to address the growing budget deficit. The Governor made another round of cuts totaling \$949 million this year, but our state was still in the red.

The combination of huge tax cuts and a slow national economy was exacerbated by September 11. Businesses began cutting jobs, consumers spent less, the stock market dropped and state revenues fell 15 percent below projections.

To deal with the financial shortfalls, Governor O'Bannon called a special session to raise taxes. Unlike the federal government, Indiana cannot run a deficit. We must have and always have had a balanced budget. The result of the most recent special session was our taxes being increased and the business community getting even more tax cuts. It just wasn't fair and I voted NO on HB 1001.

42 states are now faced with budget shortfalls...

Special session ends



Summer, 2002

Dear Neighbors:

The 2002 Special Session of the Indiana General Assembly recently concluded and after 14 years of no new taxes, the legislature raised seven different taxes.

Most of the increases will affect individuals, homeowners and renters in a negative way. I just wanted to tell you that I voted against raising your taxes.

My focus during the regular and special session was to protect homeowners, renters, seniors and our school corporations from feeling the impact of a national recession. I wanted to bring fairness to Indiana's tax code and the result of passing HB 1001 into law did not meet those expectations. In fact, individuals had their taxes raised by 714 million dollars and the business community got 725 million dollars in tax cuts. That's just not fair!

Advocates for HB 1001 say it will reduce property taxes on our homes by an average of 13 percent. What if your property taxes go up by 50 percent, 100 percent or even 200 percent? The tax cuts received by the business community are certain, but for us homeowners and renters, the tax cuts are still up in the air. HB 1001 was a poor

attempt at solving Indiana's long-term fiscal problems. Nobody is sure that this bill will provide the funding necessary to prevent teacher layoffs or cuts in public safety funding during the rest of the fiscal year. If Indiana's economy doesn't improve quickly, the outlook for the 2003 budget cycle is bleak.

I have been in the legislature for fourteen years and have never raised your taxes. In fact, we cut taxes in 1995, 1997 and 1999. I am proud of the fact that I have never voted for a bill that actually raised taxes in Indiana.

Finally, I want to repeat that I voted NO because the tax increases unfairly impact individuals, homeowners and renters, and only benefit the business community. If taxes in Indiana needed to be increased to support K-12 education, programs for seniors and public safety, then everyone in Indiana needed to make the sacrifice, including the business community.

I look forward to hearing your comments and concerns about state government. Please contact me anytime at:
1-800-382-9842 or PO Box 1066,
Mishawaka, IN 46546-1066.

Sincerely,

I voted NO on the following tax increases:

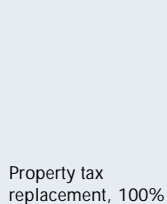
	Current	New	New Revenue
Sales	5%	6%	\$800 million
Cigarette	15.54	55.54	\$294 million
Gas	154	184	\$99 million
Corp Adjusted Income	7.75%	8.5%	\$60 million
Utilities Receipts	0**	1.4%	\$60 million
Riverboat Wagering	20%	22.5%	\$400 million
Lottery Winnings*	0**	3.4%	\$4 million
			<hr/> \$1.7 billion

* winnings over \$1,200 ** new tax

Distribution of the new tax increases

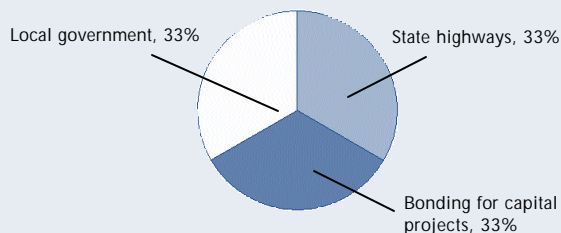
Sales tax

1% increase effective 12/1/02



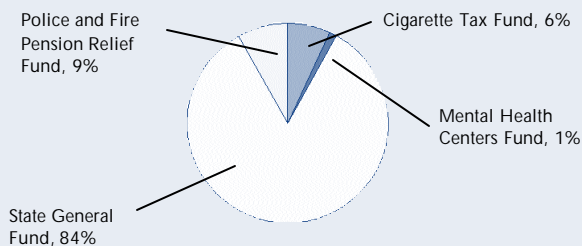
Gas tax

3 cent increase effective 1/1/03

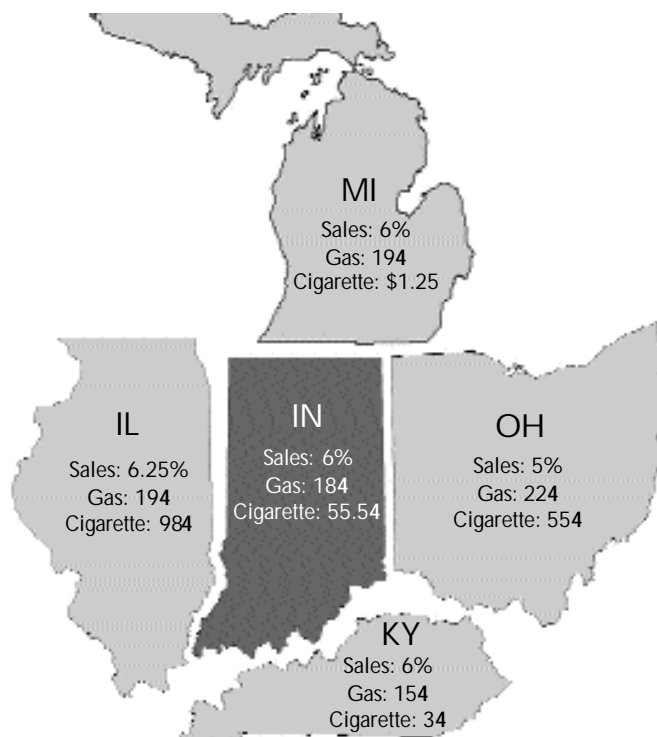


Cigarette tax

40 cent per pack increase effective 7/1/02



How does Indiana rank with its neighbors?



Data from the Federation of Tax Administrators

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